

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Chavez Analyst: Jeff Garnier Bill Number: AB 1338

Related Bills: See Prior Analysis Telephone: 845-5322 Amended Date: June 12 2003

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Withholding on California Real Estate to 9.3%

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED

X April 22, 2003 STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would:

- Modify the real estate withholding provisions to more closely match the actual tax due on the sale of real property,
- Broaden the principal residence withholding exemption to include the sale of a residence that was last used prior to the sale as the taxpayer's principal residence, and
- Exempt from withholding the sale of real property sold by licensed general contractors if the property was held for sale as inventory in the taxpayer's construction business.

SUMMARY OF AMENDMENT

The June 12, 2003, amendments:

- Clarify that individuals, estates, trusts, and corporations (with no permanent place of business in California after the sale) are the only persons subject to real estate sales withholding, and
- Authorize the Franchise Tax Board to prescribe through forms and instructions and/or regulations requirements, including a *de minimus* rule, necessary for the Franchise Tax Board to administer the real estate withholding program.

The remainder of the analysis of the bill as amended on April 22, 2003, still applies.

LEGISLATIVE STAFF CONTACT

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Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Brian Putler

6/23/03